

Why Would a Community Want to Offer an Obsolete Property Tax Rehabilitation Tax Abatement?

The OPRA incentive is used to encourage the redevelopment of blighted buildings. In many cases, this could be an abandoned, multi-story industrial building that is now more suited for commercial or residential rental units. To the developer, the advantage is savings on property taxes. The tax incentives essentially freeze the local property taxes for up to 12 years, exempting from local property tax all real property improvements. In addition, the State Treasurer has the ability to exempt one-half of the school millage for up to six years on 25 projects per year. In short:

- Incentives encourage the redevelopment of blighted buildings.
- By establishing a district, communities have the ability to target areas for redevelopment.